

## Newsletter

### Reminder—Unique ID Number Is Changing

by Robin Buchholz and Janis Eddington

KHEAA began using CommonLine logic for assignment of all loan IDs May 1, 1999. This means all new loans will have a 19-position unique ID number rather than a 9-position number. KHEAA opted to move to the CommonLine identification number to eliminate the need for trading partners to track and store two separate loan identifiers. Using this longer number necessitates a change to KHEAA's current proprietary guaranty file and the NSLDS Lender Manifest Process.

#### Guaranty File

Beginning May 1, 1999, the unique identifier in KHEAA's proprietary guaranty file was moved to the last field in this file (positions 480–498). A letter sent November 2, 1998, advised each of KHEAA's electronic trading partners who use this file of the upcoming change.

Schools, lenders, and servicers can choose to receive electronic notification of their guaranteed loans in KHEAA's proprietary format or in the CommonLine response file format.

If you have any questions regarding this change, contact Robin Buchholz at (502) 696-7240 or (800) 617-2699, extension 7240, or e-mail [rbuchholz@kheaa.com](mailto:rbuchholz@kheaa.com).

#### NSLDS Lender Manifest

Like the guaranty file, the unique ID field in the NSLDS Lender Manifest file will not accommodate the longer 19-character ID number. KHEAA is asking that lenders make programming modifications in order to provide the unique ID number in positions 227–245 of the file. Existing IDs can continue to be reported in the current unique ID field.

In conjunction with other system enhancements, KHEAA will also begin using a secondary match criteria when processing NSLDS Lender Manifest files. The ability to match loans with missing or invalid unique ID numbers should eliminate any increase in lender manifest errors while transitioning to the new unique ID field placement.

If you have any questions regarding this issue, contact Janis Eddington at (502) 696-7212 or e-mail [jeddington@kheaa.com](mailto:jeddington@kheaa.com).

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#### Inserts:

- *Common Manual* Updates  
References #270, 277, 279, 282–285, 288, 289, 291, 293–297, 298–300, 305, 306, 308, and 309

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### Update to KHEAA Administrative Agreement

by Diana Barber

In January 1999, KHEAA distributed a newly revised version of the Administrative Agreement to all educational institutions participating in KHEAA-administered programs. This recent revision of the Administrative Agreement was completed in December 1998. In this revised version, under the paragraph titled "Records," KHEAA included a reference to 1998 Ky. Acts ch. 256, sec.2(2). At the time the revision was drafted, this new legislation had not been codified into law and had not been assigned a statute number. However, this provision of the law has recently been codified and is now found at KRS 164.7893. This statute is reprinted below in its

entirety for your convenience. Sec.2(2) of the Act refers to the last subparagraph in the statute.

### **164.7893 Requirements for educational institutions for students to receive student financial assistance.**

Notwithstanding any statute to the contrary, no funds appropriated by the General Assembly for the purposes of student financial assistance shall be awarded or disbursed to students enrolled in a program of study at a school of osteopathic medicine or a college, business school, school of nursing, or vocational school, as defined in KRS 164.740, located within the Commonwealth, unless the educational institution:

- (1) Submits existing student grievance policies as a licensed institution to the Council on Postsecondary Education for evaluation and institutional revision as necessary to assure due process procedures are consistent with the Constitution of the United States and the Constitution of Kentucky; and
- (2) Awards at least as much student financial assistance from institutional funds to residents of the Commonwealth as the institution awards from institutional funds to nonresidents of the Commonwealth for undergraduate programs of study, excluding reciprocal tuition agreements and athletic scholarships or provides a report to the Kentucky Higher Education Assistance Authority on its headcount enrollment, both resident and nonresident, and the amount of student financial assistance awarded from institutional funds to residents and nonresidents.

**Effective:** July 15, 1998

**History:** Created 1998 Ky. Acts ch. 256, sec. 2, effective July 15, 1998.

## **KLAS Implemented May 1-3**

by Ron Duvall

Because of the extraordinary efforts of a large number of KHEAA user and technical staff, the KHEAA Loan Administration System (KLAS) became a reality the first weekend in May 1999. As KHEAA's new 5-watt radio station (WKHEAA) blared "We are the Champions," 60 to 75 staff toiled over printouts and stared at new KLAS screens into the wee hours of the mornings of May 1-3. (The radio station was actually the intercom. A senior manager with too much caffeine in his system got control of the receptionist's radio and the microphone and dedicated a few tunes to staff in an effort to stimulate morale. He was later advised not to give up his day job.)

With the implementation of KLAS, KHEAA is positioned to react quickly to FFELP industry-wide initiatives and to provide timely enhancements for postsecondary and financial institutions. An outstanding contingent of analysts, programmers, and end-users has been heavily involved in the design, development, and quality assurance testing of KLAS for the past 2 1/2 years. The system knowledge gained will pay dividends as KHEAA strives to stay ahead of its competition.

The focus for the immediate future will be to enhance the services and benefits available to KHEAA's business partners and customers via technology. Online access to KHEAA data and systems via the Internet in a secure environment will continue to be the focal point.

## **USDE Approves New Loan Discharge/Cancellation Forms**

by David Rayborn

The U.S. Department of Education (USDE) recently approved five separate application forms that will be used to evaluate borrower eligibility for discharge or cancellation of Federal Family Education Loan Program (FFELP) or Federal Direct Student Loan Program (FDSLP) loans. The title of each form indicates the type of discharge or cancellation the form is used to evaluate. The forms are:

- School Closure
- False Certification of Ability to Benefit
- False Certification (Disqualifying Status)
- Unauthorized Signature/Unauthorized Payment
- Total and Permanent Disability Cancellation Request

These new forms must be used when providing loan discharge or cancellation applications on or after August 1, 1999. Although other loan discharge or cancellation applications may still be **processed** after that date, all new applications sent to borrowers on or after that date must include the new forms.

The new forms are available in PDF format on the NCHelp Web site at [www.nchelp.org](http://www.nchelp.org). Simply click on the "What's New" menu option and then choose "Download the new combined FFELP and FDSLP Discharge/Cancellation Forms." The forms must be printed with black ink on white paper.

## Western Kentucky University to Participate in FFELP

by Tim Ballard

Western Kentucky University has made a decision to participate in FFELP beginning with the 1999-2000 academic year.

Western's Director of Student Financial Assistance, Marilyn Clark, informed KHEAA Executive Director Paul Borden of the university's decision in an April 27, 1999, letter. She wrote that Borden and his staff had provided Western with an excellent presentation on FFELP. Clark also visited KHEAA and the Kentucky Higher Education Student Loan Corporation (KHESLC).

In his reply, Borden thanked Western for choosing to participate and assured Clark that KHEAA and KHESLC will do whatever is necessary to make sure the service provided to Western is second to none.

## Common Manual Updates

by David Rayborn

This edition of the *KHEAA Newsletter* includes recent *Common Manual* policy updates. These inserts include reference numbers 270, 277, 279, 282-285, 288, 289, 291, 293-297, 298-300, 305, 306, 308, and 309.

If you have questions regarding these updates or need additional copies, contact the Policy and Client Services Branch at (800) 928-8926, extension 7283, or (502) 696-7283.

## Recent Disaster Area Declarations

by David Rayborn

The Federal Emergency Management Agency (FEMA) recently declared several disaster areas. Consequently, the U.S. Department of Education (USDE) has advised guaranty agencies of the availability of disaster-related forbearances for those adversely affected by these disasters. Lenders are authorized to apply USDE's disaster-related forbearance policies to those borrowers who are residents of counties declared disaster areas and who are adversely affected by the disaster.

The following table contains a list of those areas recently declared disaster areas. The counties listed in bold letters indicate additional counties that have been added to a previously declared disaster area. The disaster declarations are listed alphabetically by state and include additional information about each notification.

For additional information or copies of pertinent Dear Colleague Letters, call David Rayborn at (502) 696-7273 or (800) 928-8926, extension 7273, or e-mail drayborn@kheaa.com.

Disaster Area	Disaster Letter	Notification Date	Disaster Date	Type of Disaster(s)	Designated Counties
Arkansas	99-02	January 26, 1999	January 21, 1999	Tornadoes	Independence, Pulaski, Saline, St. Francis, and White
Arkansas	99-04	February 2, 1999	January 21, 1999	Tornadoes	<b>Lonoke</b> (Also see 99-02)
Arkansas	99-05	February 18, 1999	January 21, 1999	Tornadoes	<b>Clay, Faulkner, Grant, Greene, Jefferson, Lafayette, Miller, Monroe, and Poinsett</b> (Also see 99-02 and 99-04)
Georgia	99-08	April 21, 1999	April 15, 1999	Tornadoes and extreme weather	Dooly
Louisiana	99-07	April 14, 1999	April 3-7, 1999	Tornadoes, severe storms, and flooding	Bossier and Caddo
Missouri	99-09	April 21, 1999	April 3, 1999	Flooding and severe storms	Madison
Tennessee	99-01	January 20, 1999	January 17, 1999	Tornadoes	Carroll, Crockett, Decatur, Dickson, Hardeman, Haywood, Henderson, Lauderdale, Madison, Maury, Montgomery, and Perry
Tennessee	99-03	January 26, 1999	January 17, 1999	Tornadoes	<b>Benton, Hardin, and Humphreys</b> (Also see 99-01)
Tennessee	99-06	February 18, 1999	January 17, 1999	Tornadoes	<b>Fayette and Houston</b> (Also see 99-01 and 99-03)

## Special Allowance Rates

for the quarter ending March 31, 1999

The average of the bond equivalent rates of the 91-day Treasury Bills auctioned during the quarter ending March 31, 1999, is 4.54%. Loans from the following categories are eligible for special allowance as shown for the quarter ending March 31, 1999.

For loans made prior to 10/1/81:

Applicable Annual Interest Rate	Special Allowance at Annual Rate	Special Allowance for 3-Month Period
7%	.01125	.0028130
9%	.00000	.0000000

For:

- Federal Stafford Loans (subsidized) and fixed-rate Federal PLUS Loans made on or after 10/1/81 but prior to 10/17/86.
- Federal Stafford Loans (subsidized) and fixed-rate Federal PLUS Loans made on or after 10/17/86 but prior to 11/16/86 for periods of enrollment beginning prior to 11/16/86.
- Federal Consolidation Loans made on or after 10/1/81 but prior to 11/16/86.

Applicable Annual Interest Rate	Special Allowance at Annual Rate	Special Allowance for 3-Month Period
7%	.0104	.002600
8%	.0004	.000100
9%	.0000	.000000
12%	.0000	.000000
14%	.0000	.000000

For:

- Federal Stafford Loans (subsidized) and fixed-rate Federal PLUS/SLS Loans made on or after 10/17/86 but prior to 11/16/86 for periods of enrollment beginning on or after 11/16/86.
- Federal Stafford Loans (subsidized) made on or after 11/16/86 but prior to 10/1/92.
- Federal Stafford Loans (unsubsidized, made pursuant to §428H of the Act) made prior to 10/1/92 for periods of enrollment beginning on or after 10/1/92.
- Fixed-rate Federal PLUS/SLS Loans made on or after 11/16/86 but prior to 7/1/87.
- Variable-rate Federal PLUS/SLS Loans made on or after 7/1/87 but prior to 10/1/92, *only* if the variable rate for each July 1–June 30 period reaches the statutory maximum of 12%.
- Federal Consolidation Loans made on or after 11/16/86 but prior to 10/1/92.

Applicable Annual Interest Rate	Special Allowance at Annual Rate	Special Allowance for 3-Month Period
7.00%	.0079	.001975
8.00%	.0000	.000000
8.26%	.0000	.000000
8.41%	.0000	.000000
9.00%	.0000	.000000
10.00%	.0000	.000000
11.00%	.0000	.000000
12.00%	.0000	.000000
13.00%	.0000	.000000
14.00%	.0000	.000000

- For:
- Federal Stafford Loans (subsidized) made on or after 10/1/92 but prior to 7/1/95.
  - Federal Stafford Loans (unsubsidized) made on or after 10/1/92 but prior to 7/1/95 for periods of enrollment beginning on or after 10/1/92.
  - Federal Stafford Loans (subsidized and unsubsidized) made on or after 7/1/95 but prior to 7/1/98, *except* during the in-school, grace, and deferment periods.
  - Variable-rate Federal PLUS/SLS Loans made on or after 10/1/92 but prior to 7/1/94, *only* if the variable rate for each July 1–June 30 period reaches the statutory maximum of 11% (SLS) or 10% (PLUS).
  - Variable-rate Federal PLUS Loans made on or after 7/1/94 but prior to 7/1/98.
  - Variable-rate Federal PLUS Loans made on or after 7/1/98 but prior to 7/1/03. (Special allowance shall not be paid unless the calculated interest rate exceeds the 9% cap.)
  - Federal Consolidation Loans made on or after 10/1/92.

Applicable Annual Interest Rate	Special Allowance at Annual Rate	Special Allowance for 3-Month Period
6.00%	.0164	.004100
7.00%	.0064	.001600
8.00%	.0000	.000000
8.25%	.0000	.000000
8.26%	.0000	.000000
8.53%	.0000	.000000
9.00%	.0000	.000000
10.00%	.0000	.000000
11.00%	.0000	.000000
12.00%	.0000	.000000
13.00%	.0000	.000000
14.00%	.0000	.000000

- For: Federal Stafford Loans (subsidized and unsubsidized) made on or after 7/1/95 but prior to 7/1/98, *only* during the in-school, grace, and deferment periods:

Applicable Annual Interest Rate	Special Allowance at Annual Rate	Special Allowance for 3-Month Period
7.66%	.0000	.000000

- For: Federal Stafford Loans (subsidized and unsubsidized) made on or after 7/1/98 but prior to 7/1/03, *only* during the in-school, grace, and deferment periods:

Applicable Annual Interest Rate	Special Allowance at Annual Rate	Special Allowance for 3-Month Period
6.86%	.0000	.000000

- For: Federal Stafford Loans (subsidized and unsubsidized) made on or after 7/1/98 but prior to 7/1/03, *except* during the in-school, grace, and deferment periods:

Applicable Annual Interest Rate	Special Allowance at Annual Rate	Special Allowance for 3-Month Period
7.46%	.0000	.000000